

2004 Instructions for Form 541-ES

Estimated Tax For Fiduciaries

A Purpose

Use Form 541-ES to figure and pay estimated tax for an estate or trust. Estimated tax is the amount of tax the fiduciary of an estate or trust expects to owe for the year.

B What's New

California law conforms to the Internal Revenue Code section 6654 (d) as of January 1, 2001 in regards to the amount required to be paid as estimated tax payments. Thus, fiduciaries with 2003 adjusted gross income (AGI) greater than \$150,000 are now required to estimate their tax based on the lesser of 90% of their current tax for 2004 or 110% of their 2003 tax.

C Who Must Make Estimated Tax Payments

Generally, a fiduciary of an estate or trust must make 2004 estimated tax payments unless:

- 100% or more of the estate's or trust's 2003 tax was paid by withholding; or
- 90% or more of the estate's or trust's 2004 tax will be paid by withholding.

An estate or trust is not required to make 2004 estimated tax payments if:

- The tax for 2003 (after subtracting withholding and credits) was less than \$200; or
- The tax for 2004 (after subtracting withholding and credits) will be less than \$200.
- It is a decedent's estate for any tax year ending before the date that is two years after the decedent's death; or
- It is a trust that was treated as owned by the decedent and if the trust will receive the residue of the decedent's estate under the will (or if no will is admitted to probate, the trust is primarily responsible for paying debts, taxes, and expenses of administration) for any tax year ending before the date that is two years after the decedent's death.

Limit on the Use of Prior Year's Tax. Estates and trusts with 2003 AGI greater than \$150,000 must figure estimated tax based on the lesser of 90% of their current tax for 2004 or 110% of the tax for 2003.

If the estate or trust must make estimated tax payments, use the Estimated Tax Worksheet on the following page to figure the amount owed.

Real Estate Mortgage Investment Conduit (REMIC) trusts are not required to make estimated payments.

Tax-exempt trusts and nonexempt charitable trusts described in IRC Section 4947(a)(1) should use Form 100-ES, Corporation Estimated Tax.

D When to Make Estimated Tax Payments

For estimated tax purposes, the year is divided into four payment periods. Each period has a specific payment due date. If an estate or trust does not pay enough tax by the due date of each of the payment periods, it may be charged a penalty even if it is due a refund when it files its income tax return. The payment periods and due dates are:

For the payment period

Jan. 1 through March 31, 2004
April 1 through May 31, 2004
June 1 through August 31, 2004
Sept. 1 through Dec. 31, 2004

Due date is:

April 15, 2004
June 15, 2004
Sept. 15, 2004
Jan. 18, 2005

Filing an Early Tax Return in Place of the 4th

Installment. If an estate or trust files its 2004 tax return by February 2, 2005, and pays the entire balance due, it does not have to make its last estimated tax payment.

Annualization Option. If the estate or trust does not receive its taxable income evenly during the year, it may be to its advantage to annualize the income. This method allows matching estimated tax payments to the actual period when income was earned. Use the annualization schedule included with 2003 form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries.

Farmers and Fishermen. If at least 2/3 of gross income for 2003 or 2004 is from farming or fishing, the estate or trust may:

- Pay the total estimated tax by January 18, 2005; or
- File Form 541 for 2004 on or before March 1, 2005 and pay the total tax due. In this case, estimated tax payments are not due for 2004. Attach form FTB 5805F, Underpayment of Estimated Tax by Farmers and Fishermen, to the front of Form 541.

Fiscal Year. If the estate or trust files on a fiscal year basis, the due dates will be the 15th day of the 4th, 6th, and 9th months of the fiscal year and the first month of the following fiscal year. If the due date is a Saturday, Sunday, or legal holiday, use the next business day.

E How to Use Form 541-ES Payment Voucher

Use the Estimated Tax Worksheet and the 2003 Form 541 return as a guide for figuring the 2004 estimated tax payment.

Note: There is a separate payment voucher for each due date. Use the voucher with the correct due date.

Fill in Form 541-ES:

1. Print the estate's or trust's name, the fiduciary's name and title, mailing address, and the estate's or trust's federal employer identification number (FEIN) in the space provided on Form 541-ES. Use black or blue ink. Print all names and words in CAPITAL LETTERS. If the estate's or trust's name or address is too long to fit in the boxes provided, do not shorten the name or address. Instead, ignore the boxes and fit the information in the space provided.

Note: If the fiduciary leases a private mail box (PMB) from a private business rather than a PO box from the United States Postal Service, include the box number in the field labeled "PMB no." in the address area.

2. Enter in the payment box of the voucher only the amount of the current payment. When making payments of estimated tax, be sure to take into account any previous year's overpayment to be credited against the current year's tax, but do not include the overpayment amount in the payment amount.

3. If part of the estimated tax is to be allocated to the beneficiaries per IRC Section 643(g), attach a copy of Form 541-T, California Allocation of Estimated Tax Payments to Beneficiaries, to Form 541-ES.

4. Make the check or money order payable to "Franchise Tax Board." Write the FEIN and "Form 541-ES 2004" on the check or money order. Mail the Form 541-ES and the check or money order to:

FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-0031

5. Keep a record of the payment.

6. **Fiscal-year filers:** Fill in the month and year-end information at the top of the voucher.

F Failure to Make Estimated Tax Payments

If the estate or trust is required to make estimated tax payments and does not, or if it underpays any installment, a penalty will be assessed for that portion of estimated tax that was underpaid from the due date of the installment to the date of payment or the due date of the tax return, whichever is earlier. For more information, get 2003 form FTB 5805.

G Other Information

Filing 541-ES on Magnetic Media. Fiduciaries that make estimated tax payments for more than 200 taxable trusts may submit the estimated tax information on magnetic media or composite listing. For additional information, our general toll-free service is available from within the United States (800) 852-5711 or from outside the United States (916) 845-6500 (not toll-free).

Telephone assistance is available year-round from 7 a.m. until 7 p.m. Monday through Friday. We may modify these hours without notice to meet operational needs.

Forms By Internet. You can download, view, and print California tax forms and publications from our Website at www.ftb.ca.gov

California's Website. Access other state agencies' websites through the State Agency Index on California's Website at www.ca.gov

1	Enter the estimated amount of adjusted total income you expect in 2004	1	
2	Enter income distribution deduction	2	
3	Taxable income of fiduciary. Subtract line 2 from line 1	3	
4	Tax. Figure the amount by using the 2003 tax rate schedule	4	
5	Additional taxes from: form FTB 5870A, Tax on Accumulation Distribution of Trusts; IRC Section 453A tax, relating to certain dispositions under the installment method; and, IRC Section 641(d) tax on income attributable to S corporation stock held by an Elected Small Business Trust (ESBT)	5	
6	Total. Add line 4 and line 5	6	
7	Credits. See the instructions for Form 541 for more information about credits you may claim	7	
8	Total. Subtract line 7 from line 6	8	
9	a Enter 90% (.90) of Line 8. Farmers and fishermen use 66 2/3% (.6667) of line 8 b Enter 100% of the tax shown on your 2003 Form 541, or 110% (1.10) of that amount if the estate's or trust's AGI on the 2003 return is more than \$150,000, and if less than 2/3 of gross income for 2003 or 2004 is from farming or fishing c Enter the smaller of line 9a or line 9b	9a _____ 9b _____ 9c _____	
10	California income tax withheld and estimated to be withheld during 2004	10	
11	Estimated tax. Subtract line 10 from line 9c. If less than \$200, no payment is required	11	
12	Divide line 11 by 4. This is the amount of your required installment. Enter the result here and on each Form 541-ES voucher. See the instructions if income will be earned at an uneven rate during the year. If the amount is zero, do not mail this voucher	12	

 — DETACH HERE — — — — — **IF NO PAYMENT IS DUE, DO NOT MAIL THIS FORM** — — — — — DETACH HERE —

TAXABLE YEAR _____ CALIFORNIA FORM _____

Due Jan. 18, 2005

541-ES

Fiscal year filers, enter year ending: month year

Name of estate or trust	Federal employer identification number (FEIN)
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Name and title of fiduciary	
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Address — number and street including suite number, PO Box, or rural route															PMB no.				
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City _____ State _____ ZIP Code _____ **Voucher**

If no payment is due, do not mail this form.

Make your check or money order payable to **"Franchise Tax Board."** Write the FEIN and "Form 541-ES 2004" on it. **Do not combine this payment with payment of your tax due for 2003.** Mail this voucher and your check or money order to: **541-ES UNIT, FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0031**

Amount of payment

[illegible]

For Privacy Act Notice, get form FTB 1131.

541ES04103

Form 541-ES (REV. 2003)

TAXABLE YEAR

CALIFORNIA FORM

2004 Estimated Tax for Fiduciaries

Due April 15, 2004

541-ES

Fiscal year filers, enter year ending: month year

Name of estate or trust

Federal employer identification number (FEIN)

Name and title of fiduciary

Address — number and street including suite number, PO Box, or rural route

PMB no.

City

State

ZIP Code

**Payment
Voucher
1**

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TAXABLE YEAR

CALIFORNIA FORM

2004 Estimated Tax for Fiduciaries

Due June 15, 2004

541-ES

Fiscal year filers, enter year ending: month year

Name of estate or trust

Federal employer identification number (FEIN)

Name and title of fiduciary

Address — number and street including suite number, PO Box, or rural route

PMB no.

City

State

ZIP Code

**Payment
Voucher
2**

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TAXABLE YEAR

CALIFORNIA FORM

2004 Estimated Tax for Fiduciaries

Due Sept. 15, 2004

541-ES

Fiscal year filers, enter year ending: month year

Name of estate or trust

Federal employer identification number (FEIN)

Name and title of fiduciary

Address — number and street including suite number, PO Box, or rural route

PMB no.

City

State

ZIP Code

**Payment
Voucher
3**

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Amount of payment

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541ES04103

Form 541-ES (REV. 2003)